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TRADE AND DEVELOPMENT BOARD

Eighteenth session

SUMMARY RECORD OF THE [illegible]st MEETING

Held at the Palais des Nations, Geneva,
on Friday, 4 September 1970, at 11 a.m.

President: Mr. CASTELLANOS (Venezuela)

CONTENTS

Other particular matters in the field of trade and development:

(c) Progress in the implementation of:

(iii) Specific action related to the particular needs and problems of land-locked developing countries (continued)

Interdependence of problems of trade, development, finance and international monetary system (continued)

Other particular matters in the field of trade and development:

(a) Trade and economic aspects of disarmament.

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GE.70-[illegible]

The meeting was called to order at 11.40 a.m.

OTHER PARTICULAR NEEDS AND PROBLEMS OF [illegible] AND DEVELOPING COUNTRIES (agenda item 6)

(c) PROGRESS IN THE IMPLEMENTATION OF (...ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (continued) (TD/B/709; TD/1970/87 Parts I and II)

1. Mr. DOSSY (United Nations Development Programme) reminded the Board that according to the Statute, the main objectives of the Special Fund for Land-Locked Developing Countries were to provide resources to effect the additional transport and transit costs facing land-locked developing countries and to support projects and studies aimed at reducing such costs and generally improving the transport facilities of those countries. To date, the Fund had received contributions amounting to $673,106. The General Assembly had requested UNDP, in collaboration with UNCTAD, to propose interim arrangements to implement the Fund's purposes until it became operational. Accordingly, the Administrator had submitted proposals to the Governing Council. During the discussion on the subject, the importance of the Fund had been stressed and regret expressed that the contributions to it were so modest. The Governing Council had approved the proposal to convene further pledging conferences for the Fund, the next to be held concurrently with the UNDP pledging conference for 1972.

2. He urged all the Governments represented on the Board to endeavour to increase their contributions to the Fund. UNDP would collaborate closely with the UNCTAD secretariat in managing the Fund; UNDP Resident Representatives would represent the Fund at the field level, and until at least mid-1973, the Fund would not be required to reimburse UNDP for their services.

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT, FINANCE AND INTERNATIONAL MONETARY SYSTEMS (agenda item 2) (continued) (TD/B/712 and Add.1 and 2; UNCTAD/C1/168)

3. Mr. L'HUILLIER (International Chamber of Commerce), speaking at the President's invitation, said that in recent years ICC had given high priority to the policy and technical issues involved in economic development. The North-South dialogue had exploded the myth that the world was sharply divided into the rich and the poor; the reality was an interdependent world made up of nations covering a broad spectrum of development levels. It appeared from the experience of recent decades that the developing countries which had made most progress were generally those which had encouraged private enterprise by establishing the right environment and creating an appropriate governmental framework, in pursuit of market-oriented, outward-looking strategies.

4. During 1977, the non-oil producing developing countries had generally succeeded in reducing their current account deficit while achieving an average growth rate which compared favourably with that of the developed countries. However, inflation and growing protectionism were serious problems, and in January 1978, ICC had issued a statement on the Tokyo Round of multilateral trade negotiations, warning against protectionism as affecting the poorer countries' development efforts and calling on all Governments to commit themselves anew to an open world economy as a precondition for continued growth.

10. The world's total military expenditure was about 20 times the amount of official economic and technical assistance for the developing countries. The arms race obstructed international trade and development, leading to an accelerated rate of inflation, while the social and economic condition of working people was worsening.

11. The consequences of the arms race were felt particularly in the developing countries, undermining their efforts to speed up growth. The vast amounts spent on the manufacture and improvement of weapons formed a sombre contrast with the poverty and want in which two-thirds of mankind were living. In its Final Document, the tenth special session of the General Assembly noted that the increase in nuclear and conventional armaments was liable to defeat the efforts to promote development and to create a new international economic order.

12. To discuss trade and economic matters in isolation from the vital problems of disarmament would be unrealistic, since the arms race had a negative effect on international economic relations. Conversely, the resources released by effective disarmament constituted a vast potential for increasing development aid and improving standards of living everywhere.

13. At the special session of the General Assembly, the Soviet Union had reiterated its proposal for the reduction of the military budgets of States possessing a large economic and military potential, including in particular all the permanent members of the Security Council. Since the suggested percentage reduction of military budgets was opposed by some of the Powers concerned, the Soviet Union had announced that it was prepared to discuss absolute figures rather than percentages. At the same time it had proposed that agreement should be reached on the amounts which each State would allocate to increased development aid after reducing its military budget.

14. The peaceful principles underlying Soviet foreign policy were anchored in the constitution of the USSR, which prohibited war propaganda. Disarmament was part of the programme in the struggle for peace and international co-operation, for the freedom and independence of peoples proclaimed by the Communist Party of the Soviet Union at its twenty-fourth and twenty-fifth Congresses.

15. UNCTAD had a special duty to concern itself with the trade and economic aspects of disarmament in order to give effect to the resolutions adopted in the United Nations on the subject. At its special session on disarmament, the General Assembly had asked the Secretary-General to undertake an expert study on the relationship between disarmament and development. Clearly, UNCTAD could make an important contribution to that study, and its secretariat should make contact with the expert group for that purpose. UNCTAD's experience in studying the possible effects of disarmament on international trade and development had proved very valuable for the international community in solving the vital problem of ending the arms race. The Board had a special responsibility to intensify UNCTAD's work on that problem.

16. Mr. [illegible] (Mexico) referred to the duty of all States under the Charter of Economic Rights and Duties of States to promote general and complete disarmament and utilize the resources thus released for economic and social development, and more particularly for increased assistance to the developing countries. He also reiterated his country's support for the proposal by France at the tenth special session of the General Assembly that a special disarmament fund for development should be established, and he urged the Board to make an appeal to the international community in order to prepare the ground for the adoption of a resolution setting up such a fund at the General Assembly's thirty-third session.

17. Mr. Chan-Fong (Chile) said that the Board had been deliberating on the trade and economic aspects of disarmament every year since UNCTAD III. For the super-powers Chile could have a prime interest in that item as engaged in arms competition and unprecedented speed. According to estimates, its military expenditure had risen from some 10 billion in 1961 to $126 billion in 1977 and equalled more than 50 per cent of the total military expenditure of some 150 countries. In the past 10 years, the number of strategic missiles had increased to 7 times the earlier figure, the tonnage of warships had nearly doubled, the number of its tanks had increased by almost 10,000 and its military aircraft by several thousand. The strength of its army had grown by more than 1 million men.

18. While proclaiming the need for assistance to the developing countries, it pretended that it was not responsible for their poverty. The frequent references to the utilization of the resources released by disarmament for development assistance were merely intended to deceive the world about its real intentions. In recent years, some advanced countries had cancelled the debts incurred by developing states. If the super-power to which he referred desired to contribute its diversity and benevolence, why did it not declare the cancellation of the military debts owed to it by the developing countries?

19. Mr. Peavy (Canada) said that his decision of the present agenda item was of particular importance in the light of the tenth special session of the General Assembly on disarmament. The President of the Board had rightly drawn attention to the subject in his opening statement. The international community should unite its efforts to achieve general and complete disarmament so that the peace and security necessary for solving urgent trade and development problems throughout the world could be established. Despite the strenuous efforts of the socialist countries and other peace-loving forces throughout the world to slow it down, the arms race had continued at a rending pace for expanding geographically. New scientific discoveries were being used to produce increasingly lethal weapons, and vast material and human resources were being diverted from world economic and social development to arms production. In those circumstances, it was vital for countries to join in securing new and active measures to halt the arms race and eliminate the threat of nuclear war.

20. The international organizations also had a part to play in fulfilling the recommendations made by the General Assembly at the tenth special session. It was right for UNCTAD to consider the trade and economic aspects. The enormous funds that could be freed by disarmament could significantly help international trade and make a great contribution to development.

5. It was regrettable that a number of important points raised by delegations at the first part of the Board's seventeenth session had been largely disregarded. As part of its contribution towards disarmament, UNCTAD should make new efforts to study the favourable effects of disarmament on trade and economic relations. The Board might recommend that the Secretary-General of UNCTAD should prepare a report on the subject as a contribution to the United Nations study on the link between development and disarmament called for by the General Assembly at its tenth special session.

6. Turning to the statement by the Chinese representative, he said that the international community was familiar with China's imperialistic and chauvinistic aims: the allocation of nearly half its total output to military purposes, its policy of hegemony with regard to neighbouring countries, and its close links with fascist and reactionary circles in the settlement of the world's struggle for social progress and independence.

7. He hoped that UNCTAD would intensify its activities in the field of disarmament in the light of the tenth special session of the General Assembly.

8. Mr. [illegible] (German Democratic Republic) welcomed the statements made by the President of the Board and the Secretary-General of UNCTAD in their opening statements. Considerable possibilities were open to the international community in the field of disarmament. Principles of peaceful coexistence by countries with different economic and social systems had been established and could play an active part in developing international trade and economic co-operation and in bringing about the necessary economic and social changes in systems inherited from the colonial era. It should also mean the opposite of international détente had to be intensified. Those engaged in such détente were exerting every effort to return the world to cold war conditions, in which it was impossible to solve economic development problems.

9. His delegation fully supported the view that attention should be concentrated on the main problems of UNCTAD's activity. The items of economic aspects of disarmament, which the Conference had in part already considered, should be a matter for the Board's continuing attention. Further use of those items was necessary. The relevant sections of the annotations to the provisional agenda (TD/B/AC.5/L.1) were significant in that respect.

10. Consideration of the trade and economic aspects of disarmament should take into account results already achieved and should be closely linked to all the efforts being made to secure general and complete disarmament. It was the duty of the entire international community to participate in efforts to promote practical disarmament measures and thus increase the resources available for economic and social development and improved living standards for all peoples.

11. World military expenditure was estimated at nearly $200 billion annually. The diversion of those vast resources from productive purposes not only impeded world development but threatened mankind with nuclear destruction. His country had joined the majority of United Nations Member States in supporting the practical suggestions made by the Soviet delegation at the special session of the General Assembly on disarmament with a view to ending the arms race, and in particular to reducing nuclear weapons. The implementation of those proposals

unfulfilled